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SUBJECT: NEW ENERGY MINISTER, SAME ENERGY POLICY

REF: A) DUSHANBE 0711 B) DUSHANBE 0326 C) DUSHANBE 0668 D) DUSHANBE 0748

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11. (SBU) SUMMARY: In his third day on the job, Energy Minister Yorov reported Tajikistan's energy policy would continue to focus on attracting foreign investment for key infrastructure projects. He cited the reforms of the past five years, notably in improved fee collection, as evidence that Tajikistan is slowly, but solidly, getting its energy house in order. He listened closely to recommendations on how Tajikistan and Afghanistan could generate real international interest in one of the most ambitious hydropower projects, Dasti Zhum. Yorov is a technocrat, with many years in the government, but his experience and leadership may result in a more efficient, responsive Energy Ministry, ready to work with international financial institutions and Western investors to realize Tajikistan's hydropower potential. END SUMMARY.

12. (SBU) In an hour-long meeting April 28 with PolOff, Yorov listed the upcoming hydropower projects-Sangtuda I and II, Rogun-that promised to make Tajikistan a regional electricity exporter by 2008. He noted that RusAl had already committed invest around \$50 million in roads and other infrastructure improvements in anticipation of construction of Rogun. Yorov noted with satisfaction how the Ministry of Energy and State electricity utility Bargi Tojik had improved fee collection from 40% in 1998 to almost 95% (NOTE: Per reftel C, other sources indicate that collection rates are less successful, and often state run enterprises fail to pay. END NOTE.)

13. (SBU) Yorov, flanked by his new First Deputy Minister Mukhiddinov, seemed genuinely perplexed when asked what was preventing the MoE from signing a memorandum of understanding with American company AES. The MOU would establish a joint venture to construct 220 kV lines from Geran substation in the south to the Afghan border, allowing Tajikistan to export its summer surplus electricity. Existing high voltage lines do not allow Tajikistan to export electricity, due to Uzbekistan's unwillingness to allow transit to Russia and Kazakhstan. Head of the Office of Energy Policy Abdurashid Gulov asserted that

they had given AES feedback on the initial MOU and were waiting for AES; he then suggested that the anticipated April 19 signing in Washington (on the margins of the World Bank/IMF meetings) could not have taken place because the Tajik delegation, headed by the National Bank Chairman Alimardonov, was not authorized to sign such energy agreements. "You need to push AES," said Gulov. Yorov suggested AES send him a cover letter and new MOU spelling out the terms.

14. (SBU) Yorov initially confused the AES joint venture MOU with AES participation in the upcoming May trilateral energy meeting in Islamabad. He noted there were no anticipated deliverables for the May 8-9 between Afghanistan, Tajikistan and Pakistan, but the meeting would be an opportunity to discuss implementation of recently signed agreements between the three countries. Other participants will include the World Bank, AES, and Russian energy company RAO UES, likely represented by its head Anatoly Chubais. Yorov confirmed that in addition to a trilateral agreement on energy sales, the Tajiks and Afghans had signed a bilateral agreement in December 2005. (NOTE: A "Cooperation Agreement" to implement the terms of the MOU was supposed to be signed in January but remains unsigned. END NOTE.)

15. (SBU) The energy officials expressed great interest in PolOff's April 17 visit to the Dasti Zhum site (reftel D). They nodded and took notes as she explained how experts from Embassy Kabul had found the site very promising, but the Tajik and Afghan governments would both need to demonstrate real cooperation, through effective bilateral working groups, before international investors and donors would even begin to look seriously at the proposed \$3.5 billion project.

16. (SBU) COMMENT: The introductory meeting indicated that Yorov's appointment does not signify any radical change in Tajikistan's energy policy. In fact, it may indicate that President Rahmonov is trying to bring the Ministry more in line with national goals and under stricter guidance from the

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Presidency. However, the transition may be bumpy. Some sources note the outgoing team did very little to prepare the new administration and the few holdovers-notably Gulov-are notorious for sitting on information and decisions for months. The Embassy will work to engage the minister and his top officials; the June Istanbul Power conference will provide an excellent opportunity to prove the United States is a serious partner. END COMMENT.
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